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C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 001943

SIPDIS

STATE FOR EUR/WE

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TAGS: PGOV PREL MOPS AF CG BE

SUBJECT: LETERME'S LAST CRISIS: KING STALLS LETERME'S
RESIGNATION UNTIL A NEW PM IS FOUND

REF: A. BRUSSELS 1933

1B. BRUSSELS 1922

11. (C) Summary: PM Yves Leterme offered his government's resignation to King Albert II December 19 after members of his Cabinet were implicated in attempting to influence judges. The King did not accept the resignation, and met with Flemish Christian Democrat (CD&V) Chairperson Marianne Thyssen December 21, to see if a replacement for PM Leterme could be found. The five coalition parties are discussing alternatives to PM Leterme, including former PM Dehaene, House Chairman Van Rompuy, or even Ms. Thyssen, all from the CD&V. An outside possibility would be former PM Guy Verhofstadt of the Flemish Liberals (Open VLD). It is not yet known whether a new PM would head a transition government until new elections could be held in June 2009 at the same time as the European Parliament and regional elections, or whether the new PM could govern through 2011 and complete the current government's theoretical term in office. The king's desire to prevent a governmental resignation stems from the precarious economic and fiscal situation Belgium faces and the need to pass a 2009 budget. Whether a likely successor can be found depends to a great degree on local politics and which top Belgian pols would be willing to take the lead under such circumstances. For the U.S., the King's caution will likely ensure that DefMin De Crem will remain in the position of Defense Minister for most of 2009 and continue GOB support for the NATO cause in Afghanistan. FM De Gucht's push to find a European solution to the humanitarian crisis in the Congo is another of this government's bolder and noteworthy policies. End Summary.

The Search for a New Prime Minister

12. (C) After PM Yves Leterme offered his government's resignation to King Albert December 19, the King chose not to accept it, and instead sought to find a suitable replacement to head the current government. The King met with CD&V President Marianne Thyssen December 21 to discuss possibilities, ostensibly from within the CD&V party. He met with leaders of all the majority parties December 22 to find a palatable compromise candidate. The Belgian media has focused on three main candidates. Former PM Jean-Luc Dehaene led two successful governments (1992-1995 and 1995-1999), which succeeded in converting Belgium into a federal state and revamped the nation's finances, thus allowing it to join the Euro. The other prime candidate mentioned is Hermann Van Rompuy, the Speaker of the Lower House of Parliament. Ms. Thyssen is also an option, but has less political experience than her partisan colleagues. The well-respected former PM Guy Verhofstadt (1999-2007) of the Open VLD would be another

option.

Next PM for Six Months or Two Years?

¶3. (C) A new government could either form for an interim period through June 2009, allowing national elections to be scheduled concurrently with the already planned European Parliament and regional elections. Another possibility, though less likely, would be to find a governing configuration that can endure through the end of the present government's four year term in 2011. The King's rationale for finding a quick replacement for Leterme stems from the need for leadership during the financial crisis; to pass a federal budget for 2009; and to complete domestic institutional reform.

All Politics is Local

¶4. (C) In Belgium, more so perhaps than elsewhere, regional politics strongly influence national politics. As the majority region, Flanders now provides Belgium's PMs, and the Flemish parties are doing political calculations to position themselves for the coming regional elections and the possibility of concurrent national elections. The CD&V would prefer to select a PM that can serve through 2011. The CD&V has a very strong candidate for the regional elections, current Minister-President of Flanders Kris Peeters; if national elections are held at the same time, the problems of the national party could weaken Peeter's expected electoral

BRUSSELS 00001943 002 OF 002

success. The Open VLD and the majority French parties support early national election. The Open VLD spies an opportunity for the return of Guy Verhofstadt to the political spotlight, while their key competitor for the Flemish vote the CD&V is discredited. For this reason, Verhofstadt is unlikely to accept an interim prime ministership when he could potentially win at the ballot box in six months. The New Flemish Alliance (NVA), whose split with CD&V cost Leterme's government a majority of Flemish (but not total) seats in Parliament, is opposed to new elections until the splitting of Brussels-Halle-Vilvoorde, a controversial electoral district that includes the Brussels Capital Region and part of Flanders, allowing Francophone residents of Flanders to vote for Francophone parties in Brussels. The opposition Flemish Socialists (SpA) have also called for new elections, but it is unknown if they could significantly improve their current fifteen percent of the Flemish vote in the current political climate. The three largest Flemish parties (CD&V, Open VLD, and SpA) received the support of only about 53 percent of Flemish voters in the last public opinion poll. A significant portion (just over 30 percent) support the center-right Lijst Dedecker (LDD) and radical right Vlaams Belang (VB). Early elections could prove a boon to these parties, especially LDD, with its more moderate, right wing tone.

Comment

¶5. (C) For the second time in 2008, Yves Leterme has offered his resignation to the King. And, for the second time the King chose not to accept it, at least so far; he is looking for a suitable Leterme replacement to maintain some government stability during the financial crisis. Once a suitable post-Leterme PM can be found, the current government will remain minus Yves Leterme and discredited JustMin Vandeurzen. The cabinet members that have pursued policies most important to the United States are likely to remain. Pro-NATO DefMin Pieter De Crem will be able to continue his effort to ramp up Belgian involvement in Afghanistan, and outspoken MFA Karel De Gucht can continue his efforts to seek an end to the humanitarian crisis in the Democratic Republic of the Congo. What is unknown is how soon an interim

configuration can be found and how long this interim government will hold. A six month term, with early elections in June 2009 is the most likely option, though a government that hobbles along until 2011 remains an outside possibility.

If early elections are called, the main stream Flemish parties, especially the CD&V of disgraced Mr. Leterme and Vandeurzen, could lose a significant amount of support, creating an unprecedented opportunity for the Flemish right.

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